

United Asbestos

CORPORATION LIMITED

NO PERSONAL LIABILITY

Annual Report 1966

AR33



United Asbestos Corporation Limited

(No Personal Liability)

1155 Dorchester Boulevard West, Montreal, Quebec

NOTICE OF ANNUAL MEETING

NOTICE IS HEREBY GIVEN that the Annual Meeting of the Shareholders of United Asbestos Corporation Limited (No Personal Liability) will be held at the Windsor Hotel, Dominion Square, Montreal, Quebec, at 11:00 o'clock in the forenoon (Montreal City Time) on Thursday, April 27th, 1967, for the purpose of (a) receiving and considering the report of the directors containing the financial statements for the year ending December 31st, 1966 and the report of the auditors thereon; (b) electing directors; (c) appointing auditors; and (d) transacting such further and other business as may properly be brought before the meeting or any adjournment thereof.

Shareholders who are unable to attend the meeting in person are requested to date, sign and return the enclosed form of proxy in the envelope provided for that purpose.

DATED at Montreal, Quebec, this 5th day of April, 1967.

By Order of the Board,

W. R. SALTER, Q.C.,
Secretary.

PROXY STATEMENT

This proxy statement is furnished in connection with the solicitation of proxies by the Management of United Asbestos Corporation Limited (No Personal Liability) for use at the Annual Meeting of Shareholders of the Company to be held at the Windsor Hotel, Montreal, Quebec, on Thursday, April 27th, 1967, at the hour of 11:00 o'clock in the forenoon (Montreal City Time) for the purposes set forth in the enclosed Notice of Meeting. The Company will bear the cost of solicitation of proxies.

ELECTION OF DIRECTORS

The shareholders will be asked to vote to elect a full Board of seven Directors to act until the next Annual Meeting of the Shareholders or until their successors are elected. The following are the names of the nominees of the Management of the Company for Directors and information concerning such nominees:—

Name of Directors:	Principal Occupation or Employment and Organization in which such Employment is carried on:	Director Since:	Shares Reported Owned Beneficially at March 20, 1967:
J. ARTHUR DUPONT . . .	Director, Windsor Hotel, Montreal; Partner of Craig Forget & Co. Ltd., Investment Bankers, Montreal, P.Q.	1963	5,000
RICHARD F. DOOLEY . .	Realtor, Proprietor of Richard F. Dooley & Co., Realtors, Chicago, Ill.	1952	25,137
GASTON ELIE	President of Transit Tankers & Terminals Ltd., and Joseph Elie Ltd., Montreal, and a Director of Banque Canadienne Nationale and General Trust of Canada	1965	5,000
FRED D. JENKINS	During the past year has been Vice-President of The Milwaukee Company, Investment Bankers, Milwaukee, and for the four years prior thereto Manager of the Milwaukee office of McMaster, Hutchinson & Company, Investment Bankers		10,500
PHILIP M. MALOUF . . .	President of the Company, Mining Engineer	1949	91,500
BARTLETT PINKHAM . . .	Investment Banker and Associate of Allen & Company, New York	1959	110
T. ROSS MOORE.	President of The Price Co. Ltd. and a Director of Montreal Trust Company	1966	3,000

Proxies received pursuant to this solicitation will be voted for the election of the foregoing nominees unless authority to vote for directors has not been granted. If for any reason any such nominee should not be available for election, such proxies will be voted in favour of the remainder of those named and may be voted for substitute nominees in place of those who are not candidates. The Management has no reason to expect that any of these nominees will fail to be candidates at the meeting and does not, at this time, have in mind any substitute for any of such nominees.

REMUNERATION OF DIRECTORS AND OFFICERS

Remuneration paid to all nine officers and directors of the Company as a group during the Company's last fiscal year aggregated \$68,200. This figure does not include \$2,850 paid by the Company and \$14,075 paid by its subsidiaries for counsel fees to the firm of Salter, Reilly, Jamieson & Apple, of which W. R. Salter, Q.C., Secretary of the Company, is a partner. No officer or Director of the Company during its last fiscal year received remuneration exceeding \$30,000 with the exception of Mr. Philip M. Malouf who received the sum of \$36,900.

APPOINTMENT OF AUDITORS

It is intended to vote the proxy to reappoint the firm of Thorne, Gunn, Helliwell & Christenson, the present auditors, as auditors of the Company to hold office until the next Annual Meeting of Shareholders, unless the Shareholder signing the proxy specified that it be voted against such reappointment.

REPORT OF DIRECTORS AND FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED DECEMBER 31, 1966

It is not intended to use the proxy for the purpose of voting upon the Financial Statements and the Report of the Directors and auditors referred to in the enclosed Notice of Meeting.

OTHER MATTERS WHICH MAY COME BEFORE THE MEETING

The Management knows of no matters to come before the Annual Meeting of Shareholders other than as set forth in Items (a) to (d) inclusive of the Notice of Meeting. However, if other matters which are not known to the Management should properly come before the Meeting the accompanying proxy will be voted on such matters in accordance with the best judgment of the person or persons voting the proxy.

GENERAL

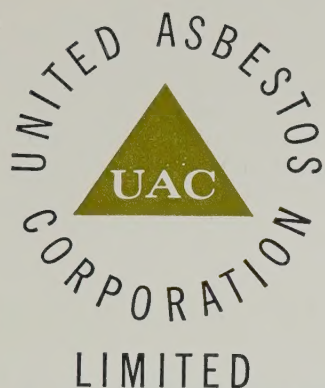
A shareholder executing the enclosed proxy has power to revoke it at any time before it is exercised. Each shareholder is entitled to one vote for each share held of record at the time of the Meeting. The Company has outstanding 4,949,133 shares of its Capital Stock.

According to the records of the Company, no person was the owner of record on March 20th, 1967, of more than 10% of the outstanding shares of the Company and as at such date, the Management had no knowledge of any person owning beneficially more than 10% of the outstanding shares of the Company.

By Order of the Board of Directors,

W. R. SALTER, Q.C.,
Secretary.

DATED: April 5th, 1967.



United Asbestos Corporation Limited

(No Personal Liability)

Directors

RICHARD F. DOOLEY, *Chicago, Ill.*

J. ARTHUR DUPONT, *Montreal, P.Q.*

GASTON ELIE, *Montreal, P.Q.*

PHILIP M. MALOUF, *Montreal, P.Q.*

T. ROSS MOORE, *Quebec, P.Q.*

BARTLETT PINKHAM, *New York, N.Y.*

ORVILLE TAYLOR, *Chicago, Ill.*

Officers

PHILIP M. MALOUF, *President*

RICHARD F. DOOLEY, *Vice-President*

W. R. SALTER, Q.C., *Secretary*

E. D. HERVEY, *Treasurer and Assistant-Secretary*

Head Office

1155 Dorchester Boulevard West, Montreal 2, P.Q.

Transfer Agents and Registrars

GUARANTY TRUST COMPANY OF CANADA
Toronto and Montreal

THE BANK OF NEW YORK, *New York, N.Y.*

Consulting Engineer

J. C. SHAW, ENG., *Montreal, P.Q.*

United Asbestos Corporation Limited

(No Personal Liability)

To the Shareholders :

Your directors submit herewith the 19th annual report together with the consolidated financial statement of United Asbestos Corporation Limited and its wholly owned subsidiary Detinu Holdings Ltd., including statements of income, retained earnings and source and application of funds for the year 1966 as reported upon by your auditors Messrs. Thorne, Mulholland, Howson & McPherson. United's share of earnings of the affiliated companies in the concrete products industries namely General Concrete Ltd. (50% owned) and Transit Mixed Concrete and Builders Supply Limited (100% owned) are not included in the consolidated financial statement but are shown separately.

Highlights

	1966	1965	1964
	<i>(In Thousands of Dollars)</i>		
Net Assets or Shareholders' Equity	\$14,604	\$13,110	\$11,807
Retained Earnings	8,820	7,326	6,022
Working Capital	2,592	2,275	1,675
Net Profit to United from Joint Venture before Amortization . . .	2,487	2,263	1,967
Amortization of Deferred Charges	937	921	983
Net Income for Year	1,514	1,304	899
Earnings in Affiliates	196	244	195
Shareholders' Equity per Share.	\$2.95	\$2.65	\$2.39
Net Income per Share.	\$0.31	\$0.26	\$0.18
Combined Earnings per Share	\$0.35	\$0.31	\$0.22

Asbestos Operations

During 1966, the joint venture operation with Lake Asbestos of Quebec, Ltd., wholly owned subsidiary of American Smelting and Refining Company, resulted in the production of 117,365 tons of fibre and shipments of 115,021 tons. This is a continuing increase over 1965 figures of 2.5% and 8.0% respectively. Yearly records were again established for tonnages of materials handled and processed as well as for production of fibre. Competition was keen in the world markets for asbestos fibres while shortages developed in some of the high quality asbestos cement grades which constituted a greater portion of your mine production. A price increase for most grades of asbestos has been announced and sales outlook for 1967 is good.

The open pit enlargement program continued throughout the year. This program is designed to open-up additional tonnages of higher grade ore so that the joint operation can take advantage of the increased mill through-put capacity as well as the predicted demand for high quality cement fibre which the industry now enjoys. To improve the performance of the stripping contractor a 16-inch dredging unit was installed. Five 50-ton truck units replaced a similar number of 22-ton units and in 1967 it is planned to enlarge on the carrying capacity of the fleet by the addition of six 50-ton units. During the year a total of 12,360,000 tons of ore, waste rock and overburden was handled.

In the milling operation, tonnages handled and fibre production were the highest on record. This is the result of continued installation of additional equipment and of an efficient collaboration between mine, mill and maintenance personnel enabling Lake Asbestos to maintain their overall low costs.

Concentration of ore values, in the dryer section prior to milling, continued throughout the year. A total of 3,076,000 tons was handled of which 36.6% representing 1,125,000 tons were discarded as waste and 1,951,000 tons of ore were milled.

Ore reserves at the end of the year were maintained, and stand at some 60,000,000 tons of open pit ore in addition to an unclassified reserve below and beyond the currently planned pit limits. Diamond drill exploration continued during the year and amounted to 21,068 feet compared with 21,630 feet in the previous year.

At year end 675 people were employed in the Black Lake operation of whom 523 were hourly paid, 83 were on salary and 69 employed by contractors.

The mining operation for the year 1966 returned a net profit of \$4,973,619 including capital and deferred development expenditures amounting to \$2,131,599. The net profit to United Asbestos from the operation of the joint venture before amortization was \$2,486,809 and resulted in a net income for the year of \$1,514,348 as compared to \$1,303,781 for the previous year.

Non-interest bearing capital and pre-production advances repayable to Asarco from net proceeds were reduced during the year by \$1,947,772 and at December 31st last were \$20,257,225.

The Canadian asbestos industry is today expanding at an accelerated pace to meet the world demand. A recent study indicates that the productive capacity of the Canadian asbestos industry will increase by some 33% in the next five years and most companies are increasing capacity to maintain their place in the world market. The consumers of asbestos are continually developing new uses and applications for the product and changes in technology indicate shorter grade fibres will find new applications in the asbestos cement field. The orebodies of your company supply the complete range of fibres.

Your company's mine is unusually rich in the asbestos cement grades. This market represents the top growth area in the industry and United Asbestos is, therefore, in an excellent competitive position.

Affiliated Companies

Earnings in your affiliated companies in the concrete product industries amounted to \$196,000, a decrease of \$48,000 from the previous year. General Concrete Ltd., (50% owned) had sales of \$10,769,000 and produced after tax earnings of \$340,569. Transit Mixed Concrete & Builders Supply Limited (100% owned) had net sales of \$2,835,062 resulting in an after tax earnings of \$27,635. Volume of sales was maintained during the year. Earnings were affected by a prolonged strike in the eastern division of General Concrete Ltd., and by generally higher costs of production. With the easing of tight money policies this year the suppressed demand in the building industry augurs increased volume and improvement in profits.

Respectfully submitted,

On behalf of the Board,

PHILIP M. MALOUF,
President.

April 5th, 1967.

United Asbestos Corporation Limited

(No Personal Liability)

Incorporated under the Quebec Mining Companies Act

AND ITS WHOLLY OWNED SUBSIDIARY COMPANY DETINU HOLDINGS LIMITED

Assets

CONSOLIDATED

	1966	1965
CURRENT ASSETS:		
Cash	75,445	229,548
Funds on fixed short-term deposit	1,891,731	1,400,000
Short-term notes (market value 1966, \$475,081; 1965, \$272,222)	487,904	290,000
Marketable securities, at cost (market value 1966, \$61,485; 1965, \$86,225)	61,452	78,605
Accounts receivable	77,078	280,119
Accrued interest receivable	26,679	9,361
	<u>2,620,289</u>	<u>2,287,633</u>
DEFERRED ACCOUNTS RECEIVABLE:		
Lake Asbestos of Quebec, Ltd..	282,932	201,561
Returnable deposits	1,425	1,425
Accrued interest receivable (note 4).	46,069	16,438
	<u>330,426</u>	<u>219,424</u>
INVESTMENTS IN OTHER COMPANIES (note 4)	<u>1,939,683</u>	<u>1,939,683</u>
FIXED ASSETS:		
Interest in land, at cost	22,500	22,500
Office equipment, at cost less accumulated depreciation	1,702	2,117
	<u>24,202</u>	<u>24,617</u>
DEFERRED CHARGES TO OPERATIONS, amortized value (notes 2, 3 and 5):		
Interest in preproduction expenditures, fixed assets and development costs at Black Lake property	9,052,438	7,952,047
Other deferred charges	648,959	679,188
	<u>9,701,397</u>	<u>8,631,235</u>
OTHER ASSETS:		
Special refundable tax	16,877	—
Non-producing mining claims	—	20,000
	<u>16,877</u>	<u>20,000</u>
	<u>\$14,632,874</u>	<u>\$13,122,592</u>

AUDITORS' REPORT

TO THE SHAREHOLDERS OF

UNITED ASBESTOS CORPORATION LIMITED (NO PERSONAL LIABILITY):

We have examined the consolidated balance sheet of United Asbestos Corporation Limited (No Personal Liability) and its wholly owned subsidiary company as at December 31, 1966 and the consolidated statements of income and retained earnings for the year ended on that date and have obtained all the information and explanations we have required. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion and according to the best of our information and the explanations given to us and as shown by the books of the companies, the accompanying consolidated balance sheet and related consolidated statements of income and retained earnings are properly drawn up so as to exhibit a true and correct view of the combined state of the affairs of United Asbestos Corporation

BALANCE SHEET DECEMBER 31, 1966
(with comparative figures for 1965)

Liabilities

	1966	1965
CURRENT LIABILITIES:		
Accounts payable and accrued liabilities.	27,498	11,951
Income taxes payable.	661	274
	<u>28,159</u>	<u>12,225</u>

Shareholders' Equity

CAPITAL STOCK:		
Authorized, 6,000,000 shares of \$1 par value (note 6)		
Issued, 4,949,133 shares.	4,949,133	4,949,133
CONTRIBUTED SURPLUS	835,097	835,097
RETAINED EARNINGS	8,820,485	7,326,137
	<u>14,604,715</u>	<u>13,110,367</u>
CONTINGENT LIABILITIES (note 7)		
	<u>\$14,632,874</u>	<u>\$13,122,592</u>

Approved on behalf of the Board:

PHILIP M. MALOUF, Director. J. ARTHUR DUPONT, Director.

Limited (No Personal Liability) and its wholly owned subsidiary company as at December 31, 1966 and the results of their combined operations for the year ended on that date, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Our examination also included the accompanying consolidated statement of source and application of funds which, in our opinion, when considered in relation to the aforementioned statements, presents fairly the changes in the combined working capital of the companies for the year ended December 31, 1966.

Montreal, Canada — March 14, 1967

THORNE, MULHOLLAND, HOWSON & McPHERSON
Chartered Accountants

United Asbestos Corporation Limited

(No Personal Liability)

AND ITS WHOLLY OWNED SUBSIDIARY COMPANY DETINU HOLDINGS LIMITED

Consolidated Statement of Income

Year ended December 31, 1966

(with comparative figures for 1965)

	1966	1965
Net proceeds from joint venture, operation of Black Lake property	2,842,020	3,250,420
<u>ADD</u> Capital expenditures and deferred development deducted in arriving at net proceeds	2,131,599	1,275,593
Net profit of joint venture before amortization	4,973,619	4,526,013
<u>LESS</u> Share accruing to Lake Asbestos of Quebec, Ltd., 50% of net profit . . .	2,486,810	2,263,006
Net profit to United Asbestos from operations of joint venture, before amortization	2,486,809	2,263,007
Interest and dividends earned.	162,545	120,219
Profit on sale of securities	2,113	625
	2,651,467	2,383,851
Development and other property expenses	36,674	31,325
Administration	163,088	127,766
	199,762	159,091
Income before undernoted items	2,451,705	2,224,760
Amortization of deferred charges (note 3)	936,992	920,744
Income before undernoted taxes.	1,514,713	1,304,016
Taxes on income (note 8).	365	235
NET INCOME FOR YEAR.	\$1,514,348	\$1,303,781
Net income per share	30.6¢	26.3¢

Consolidated Statement of Retained Earnings

Year ended December 31, 1966

Retained earnings at beginning of year.	7,326,137
Net income for year	1,514,348
	8,840,485
<u>Deduct</u> Non-producing mining claims abandoned	20,000
RETAINED EARNINGS AT END OF YEAR	\$8,820,485

United Asbestos Corporation Limited

(No Personal Liability)

AND ITS WHOLLY OWNED SUBSIDIARY COMPANY DETINU HOLDINGS LIMITED

Consolidated Statement of Source and Application of Funds

Year ended December 31, 1966
(with comparative figures for 1965)

	1966	1965
FUNDS MADE AVAILABLE:		
From operations:		
Net income for year	1,514,348	1,303,781
<u>ADD</u> Expenses which do not involve outlay of funds:		
Amortization of deferred charges	936,992	920,744
Depreciation, office equipment (included in administration).	415	415
Option on mining claims, allowed to lapse	—	2,362
	<u>2,451,755</u>	<u>2,227,302</u>
<u>DEDUCT:</u>		
Deferred development and capital expenditures at Black Lake property paid for out of operating funds	2,007,154	1,714,000
Increase in deferred account receivable from Lake Asbestos of Quebec, Ltd.	81,371	60,965
Increase in deferred interest receivable	29,631	16,438
	<u>2,118,156</u>	<u>1,791,403</u>
TOTAL FUNDS DERIVED FROM OPERATIONS.	333,599	435,899
Received on account of loans to other companies:		
From subsidiary company, Transit Mixed Concrete & Builders Supply Limited	—	155,026
From Fledco Concrete Pipe Limited, 6% debenture	—	9,725
	<u>333,599</u>	<u>600,650</u>
FUNDS APPLIED:		
Purchase of office equipment	—	110
Special refundable tax	16,877	—
	<u>316,722</u>	<u>600,540</u>
INCREASE IN WORKING CAPITAL	316,722	600,540
WORKING CAPITAL AT BEGINNING OF YEAR	<u>2,275,408</u>	<u>1,674,868</u>
WORKING CAPITAL AT END OF YEAR	<u>\$2,592,130</u>	<u>\$2,275,408</u>
Current assets	2,620,289	2,287,633
Current liabilities	28,159	12,225
	<u>\$2,592,130</u>	<u>\$2,275,408</u>

United Asbestos Corporation Limited

(No Personal Liability)

AND ITS WHOLLY OWNED SUBSIDIARY COMPANY DETINU HOLDINGS LIMITED

Notes to Consolidated Financial Statement

YEAR ENDED DECEMBER 31, 1966

1. Joint venture with Lake Asbestos of Quebec, Ltd.

Under an agreement dated September 17, 1952 and the supplemental agreement thereto between United Asbestos Corporation Limited and Lake Asbestos of Quebec, Ltd., referred to therein as Asarco, to which American Smelting & Refining Company is also a party, Asarco undertook to equip and operate the company's property at Black Lake, Quebec, and the agreement sets out the basis for the distribution of net proceeds of operations as defined therein. In general, until such time as the respective companies shall have received a share of the net proceeds equal to their respective preproduction and other expenditures referred to in the agreement, 75% of the net proceeds is to be distributed between them in the proportion that their respective preproduction and other expenditures bear to the total of such expenditures of both companies. The remaining 25% of net proceeds of operations is distributed on a different formula which also applied to the distribution of 100% of the net proceeds of operations after the respective companies have received a portion of net proceeds equal to their total preproduction and other expenditures as referred to above. Under this latter formula United is to receive 60% of the net proceeds if the net proceeds per ton of ore milled in any fiscal year exceed \$5.00 and a lesser proportion if the net proceeds per ton of ore milled are less than \$5.00, but in no case is United to receive less than 50% of the net proceeds.

The preproduction and other expenditures incurred by Lake Asbestos of Quebec, Ltd., as referred to above, are reported by that company to amount to \$20,257,225 as at December 31, 1966, after deducting amounts recovered, according to the terms of the agreement, to that date. The corresponding figure at December 31, 1965 was \$22,204,997, having been reduced by net recoveries of \$1,947,772 by Lake Asbestos during 1966, \$2,007,112 recovered from production of asbestos less net capital expenditures of \$59,340.

During 1966 the net proceeds per ton of ore milled were such that United's proportion of net proceeds was 50% before providing for reimbursement to Lake Asbestos of its proportion of preproduction and other expenditures.

2. Accounting presentation of interest in joint venture

The consolidated financial statement reflects the following:

- (a) the capitalizing of United Asbestos' interest in certain fixed assets which by agreement are charged against United's share of net proceeds.
- (b) the capitalizing of amounts contributed by United Asbestos, out of its share of net proceeds, to the fixed assets and preproduction expenditures of the Black Lake project originally paid for by Lake Asbestos of Quebec, Ltd.
- (c) the deferment of certain stripping and dredging costs which have been charged by Lake Asbestos against current operations of the respective years in which they were incurred, but the benefits of which will, in the opinion of the directors of United, accrue over the life of the mine.

3. Amortization policy

Amortization charges have been provided in the statement of income in respect of those items capitalized and deferred as described above, based on the estimated life of the mining operations.

The amortization policy is based on projections derived from figures made available to the company by Lake Asbestos of Quebec, Ltd., as to ore reserves and future operating capacity. The company's engineers have placed their own interpretation, which is believed to be reasonable and conservative, upon these figures.

Preproduction expenditures and deferred stripping and dredging costs are being amortized on the basis of tons of fibre shipped. Capital expenditures charged against United's share of net proceeds are amortized on a straight line basis over the estimated average life of the assets.

United Asbestos Corporation Limited

(No Personal Liability)

AND ITS WHOLLY OWNED SUBSIDIARY COMPANY DETINU HOLDINGS LIMITED

4. Investments in other companies:

Thorold Concrete Products Limited:

6% demand note receivable	58,400	
22,404 common shares, at cost, being 50% of the issued common shares of that company.	1,000,000	1,058,400

Capital Concrete Products Limited:

750 preference shares, at cost	75,000	
50,000 common shares, at cost (The shares held represent 50% of the issued capital stock of that company)	77,334	152,334

Transit Mixed Concrete & Builders Supply Limited, a wholly owned subsidiary of Detinu Holdings Limited:

5¾ % demand note receivable	157,974	
1,350 preference shares, at cost	135,000	
50,000 common shares, at cost	10,284	303,258

General Concrete Limited:

6% demand note receivable (on liability assumed from Fledco Concrete Pipe Limited)	25,000	
6% demand note receivable (on liability assumed from Capital Concrete Products Limited)	100,000	
7% demand note receivable.	60,000	
6% mortgage receivable (on liability assumed from Capital Concrete Products Limited)	75,166	
6% mortgage receivable (on liability assumed from Fledco Concrete Pipe Limited)	165,275	
25,000 common shares, at cost	250	425,691
		<u>\$1,939,683</u>

General Concrete Limited is a subsidiary of Thorold Concrete Products Limited.

United's share of the net income relating to its investment in the shares of the above companies is not reflected in the accompanying statement.

Net income for the year of Transit Mixed Concrete amounts to \$27,635. Retained earnings of this company since acquisition amount to \$39,463 or \$88,092 after including a profit of \$48,629 on the net tangible assets of its subsidiary, Best-Mix Concrete Limited, acquired by Transit Mixed Concrete in 1965. The subsidiary has been wound up.

Interest on the 5¾ % demand note receivable from Transit Mixed Concrete has been waived for 1966.

Interest accrued on the other demand notes receivable and mortgages is, by arrangement, not receivable until 1968.

United Asbestos Corporation Limited

(No Personal Liability)

AND ITS WHOLLY OWNED SUBSIDIARY COMPANY DETINU HOLDINGS LIMITED

Notes to Consolidated Financial Statement (Continued)

YEAR ENDED DECEMBER 31, 1966

Merger of certain companies

By agreements effective February 1, 1966, Capital Concrete Products Limited, General Concrete Limited and Fledco Concrete Pipe Limited were, with certain other companies, merged into one operating company through the acquisition by General Concrete of all the net operating assets of the other companies.

The liabilities of Capital Concrete Products Limited and Fledco Concrete Pipe Limited to Detinu Holdings Limited have been assumed by General Concrete Limited. Capital Concrete Products Limited continues its corporate existence, but Fledco Concrete Pipe Limited has been wound up.

The investment of Detinu Holdings Limited in the combined concrete companies, including Thorold Concrete Products Limited, consists of the following:

Secured advances (demand notes and mortgages receivable)	483,841
Investment in shares	1,152,584
	<u>\$1,636,425</u>

The combined balance sheets of Thorold Concrete Products Limited, General Concrete Limited and Capital Concrete Products Limited appear, in summary, approximately as follows:

	February 1, 1966	January 31, 1967
Current assets	3,174,904	3,443,927
Fixed assets, at appraised value.	4,475,035	4,520,141
Other assets	15,000	57,533
	<u>\$7,664,939</u>	<u>\$8,021,601</u>
Current liabilities.	3,256,902	3,076,196
Long-term liabilities.	1,818,229	1,755,779
	<u>5,075,131</u>	<u>4,831,975</u>
Shareholders' equity	2,589,808	3,189,626
	<u>\$7,664,939</u>	<u>\$8,021,601</u>

Detinu's 50% equity in the combined companies at the date of the merger amounted to approximately \$1,295,000 and its 50% share of their combined net incomes and retained earnings adjustment for the year ended January 31, 1967 is approximately \$300,000, resulting in an equity at that date of \$1,595,000. Of this amount, \$590,000 is attributable to an increase in value of assets resulting from appraisal of fixed assets of the various companies involved in the merger.

No income taxes are currently payable on the combined companies' income for the year. Taxes on income would have been approximately \$222,500 except that it is the intention to claim for tax purposes capital cost allowance in excess of depreciation provided in the accounts. The net accumulated amount to date by which taxes otherwise payable have been so reduced is approximately \$360,000 which is not reflected as a deferred credit in the accounts.

United Asbestos Corporation Limited

(No Personal Liability)

AND ITS WHOLLY OWNED SUBSIDIARY COMPANY DETINU HOLDINGS LIMITED

5. Deferred charges to operations

This balance consists of the following:

Interest in preproduction expenditures, fixed assets and development costs at Black Lake property:

	Balance at beginning of year	Additions for year	Amortization for year	Balance at end of year
Fixed assets charged against operations . . .	464,869	415,766	201,431	679,204
Amounts contributed to fixed assets and pre- production expenditures originally paid for by Lake Asbestos.	2,378,368	941,355	592,246	2,727,477
Stripping costs	2,567,963	650,033	—	3,217,996
Dredging costs	889,205	—	39,576	849,629
United Asbestos preproduction expenditures recoverable out of net proceeds.	1,651,642	—	73,510	1,578,132
	<u>7,952,047</u>	<u>2,007,154</u>	<u>906,763</u>	<u>9,052,438</u>
Other deferred charges:				
Administrative and other expenses of prepro- duction period	679,188	—	30,229	648,959
	<u>\$8,631,235</u>	<u>\$2,007,154</u>	<u>\$ 936,992</u>	<u>\$9,701,397</u>

6. Authorized capital

On May 24, 1966, supplementary letters patent were granted to the company under the provisions of the Quebec Mining Companies Act and Part 1 of the Quebec Companies Act, to increase the capital of the company from \$5,000,000 to \$6,000,000, the additional capital stock being divided into 1,000,000 shares of a par value of \$1.00 each. No shares were issued during 1966.

7. Contingent liabilities:

- (a) The company and its consolidated subsidiary, Detinu Holdings Limited, have guaranteed a bank loan to Transit Mixed Concrete & Builders Supply Limited in the amount of \$374,000 and have pledged as collateral therefor certain of their funds on fixed short-term deposit.
- (b) The company is guarantor of performance bonds furnished by General Concrete Limited.

8. Taxes on income:

Income taxes payable are in respect of Detinu Holdings Limited only.

No provision for taxes on the income of United Asbestos is required, as the company intends to claim available allowances for tax purposes to offset its otherwise taxable income.

BALANCE SHEET

Assets

CURRENT ASSETS:

Cash on hand		\$ 350.00
Accounts receivable:		
Trade	\$ 349,284.71	
Less allowance for bad debts	18,700.00	

Inventories, at the lower of cost or replacement value		330,584.71
Prepaid expenses and other current assets		143,198.47
		3,783.26

TOTAL CURRENT ASSETS		\$ 477,916.44
--------------------------------	--	---------------

OTHER ASSETS:

Special refundable tax		5,420.88
----------------------------------	--	----------

PROPERTY, PLANT AND EQUIPMENT:

At cost:

Land	\$ 24,118.80	
Buildings	\$ 97,196.23	
Ramp, driveway and watermain	56,272.21	
Machinery and equipment	275,991.21	
Automotive equipment	879,106.38	

	\$1,308,566.03	
Less allowance for depreciation	833,439.22	

	475,126.81	
		499,245.61

DEFERRED ASSETS:

Goodwill:

Arising from amalgamation	\$ 106,918.29	
Other, at cost	73,628.36	
		180,546.65

\$1,163,129.58

Liabilities

CURRENT LIABILITIES:

Due to bank, secured:

Loan	\$ 374,000.00	
Overdraft	34,238.28	
		\$ 408,238.28

Accounts payable:

Trade	\$ 145,322.42	
Employees' income tax	3,634.71	
Provincial sales tax	2,072.27	
Other	864.27	
		151,893.67

Accrued liabilities:

Interest	\$ 4,777.74	
Salaries, wages, bonus and vacation pay	15,033.96	
Other	3,409.64	
		23,221.34
Current portion of long-term liabilities		41,071.62

TOTAL CURRENT LIABILITIES		\$ 624,424.91
-------------------------------------	--	---------------

LONG-TERM LIABILITIES:

Notes payable, Detinu Holdings Limited, repayment deferred at least one year	\$ 157,973.62	
Debenture, 7% repayable in semi-annual instalments of \$17,500.00 except under certain circumstances	122,500.00	
Notes payable, 6% repayable in total instalments of \$6,071.62 each year	30,358.13	

	\$ 310,831.75	
Less portion classified as current	41,071.62	

269,760.13

DEFERRED CREDIT:

Accumulated tax reduction applicable to future periods, estimated		44,350.00
---	--	-----------

CAPITAL STOCK AND SURPLUS:

Capital stock:

Preference shares

Authorized — 6,000 redeemable 7% non-cumulative shares of a par value of \$100.00 each less 3,500 redeemed	\$ 250,000.00
--	---------------

Issued — 1,350 shares	\$ 135,000.00
---------------------------------	---------------

Common shares

Authorized — 100,000 shares of no par value	
Issued — 50,000 shares	1,502.94

	\$ 136,502.94	
Surplus, as per schedule	88,091.60	

224,594.54

Approved on behalf of the Board:

J. B. H. RIGBY, Director.
P. M. MALOUF, Director.

\$1,163,129.58

December 31, 1966

Statement of Profit and Loss Year ended December 31, 1966

	<i>Concrete</i>	<i>Building Supplies</i>	<i>Total</i>
Sales	\$1,872,725.85	\$1,062,726.11	\$2,935,451.96
Less discounts and allowances	50,141.00	50,249.30	100,390.30
NET SALES	\$1,822,584.85	\$1,012,476.81	\$2,835,061.66
Cost of goods sold:			
Cost of materials:			
Inventory January 1, 1966	\$ 98,849.02	\$ 61,782.55	\$ 160,631.57
Direct material purchases	1,019,473.37	788,859.39	1,808,332.76
	\$1,118,322.39	\$ 850,641.94	\$1,968,964.33
Less inventory December 31, 1966.	69,910.64	73,287.83	143,198.47
	\$1,048,411.75	\$ 777,354.11	\$1,825,765.86
Material and product handling	638,685.95	177,694.59	816,380.54
COST OF GOODS SOLD	\$1,687,097.70	\$ 955,048.70	\$2,642,146.40
GROSS PROFIT.	\$ 135,487.15	\$ 57,428.11	\$ 192,915.26
Selling expense		\$ 39,105.92	
Administrative expense		91,647.77	130,753.69
OPERATING PROFIT			\$ 62,161.57
Other deductions:			
Bonus	\$ 5,365.79		
Interest:			
Bank	25,655.40		
Debenture	9,595.82		
Notes	1,912.56		
		42,529.57	
Other income:			
Profit on disposal of vehicles	\$ 11,509.50		
Miscellaneous	1,564.12	13,073.62	29,455.95
PROFIT BEFORE TAXES ON INCOME			\$ 32,705.62
Taxes on income, estimated:			
Current year, deferred		\$ 5,050.00	
Prior year underprovision		21.06	5,071.06
NET PROFIT			\$ 27,634.56

Statement of Earned Surplus Year ended December 31, 1966

Balance January 1, 1966	\$ 60,457.04
Add net profit for the year	27,634.56
BALANCE DECEMBER 31, 1966	\$ 88,091.60

Auditors' Report

To the Shareholders,

Transit Mixed Concrete & Builders Supply Limited.

We have examined the balance sheet of TRANSIT MIXED CONCRETE & BUILDERS SUPPLY LIMITED as at December 31, 1966 and the statements of profit and loss and surplus for the year ended on that date. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion the accompanying balance sheet and statements of profit and loss and surplus present fairly the financial position of the company as at December 31, 1966 and the results of its operations for the year ended on that date, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

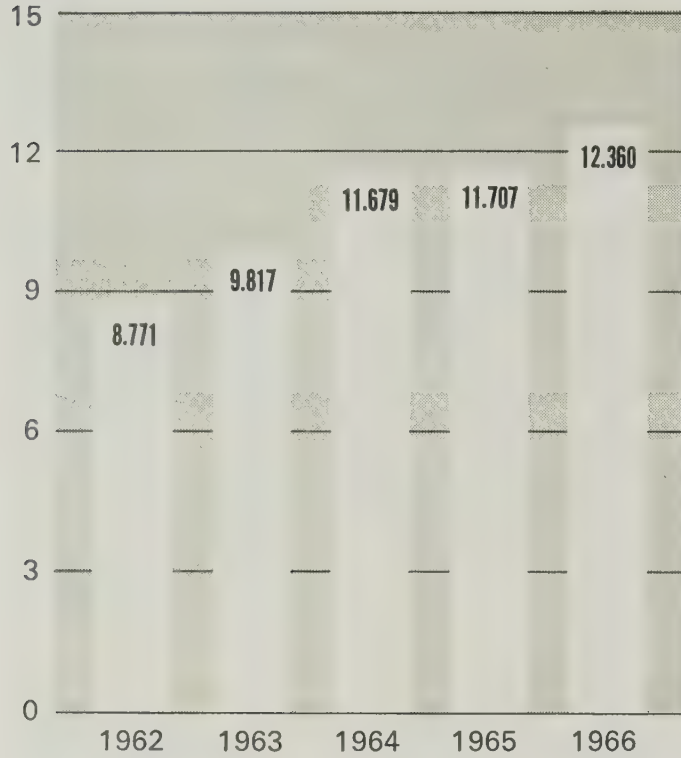
Our examination also included the accompanying statement of source and application of funds which, in our opinion, when considered in relation to the aforementioned financial statements, presents fairly the sources and applications of funds of the company for the year ended December 31, 1966.

HUTCHINS, MULLIN & BLAIR,
Chartered Accountants.

February 28, 1967.

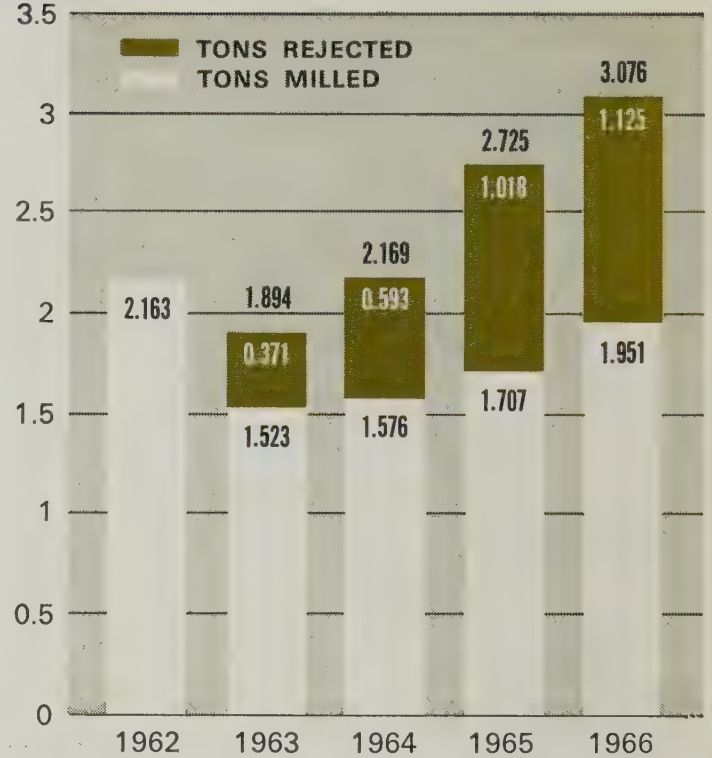
TONS MINED

Millions
of Tons



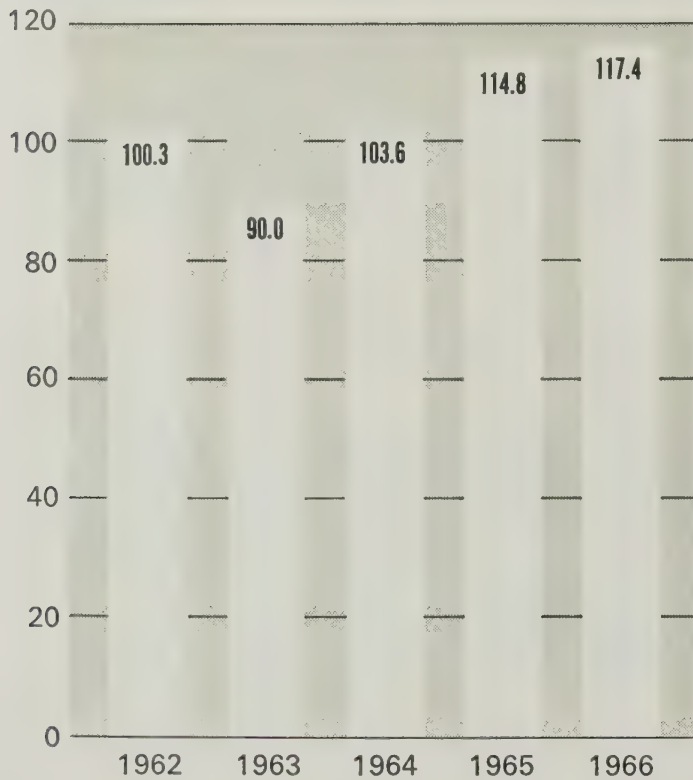
TONS PROCESSED

Millions
of Tons



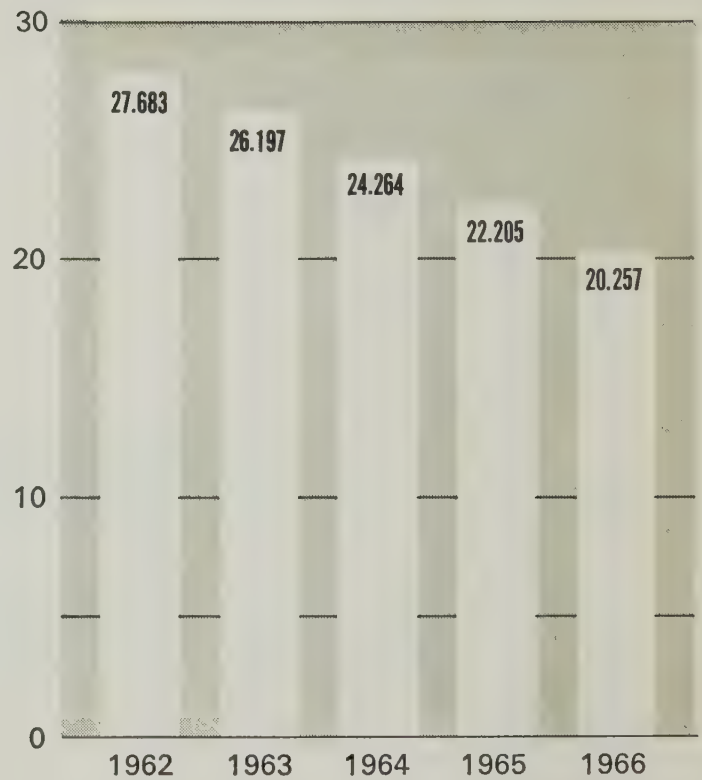
FIBRE PRODUCED

Thousands
of Tons



CAPITAL ADVANCES (ASARCO)

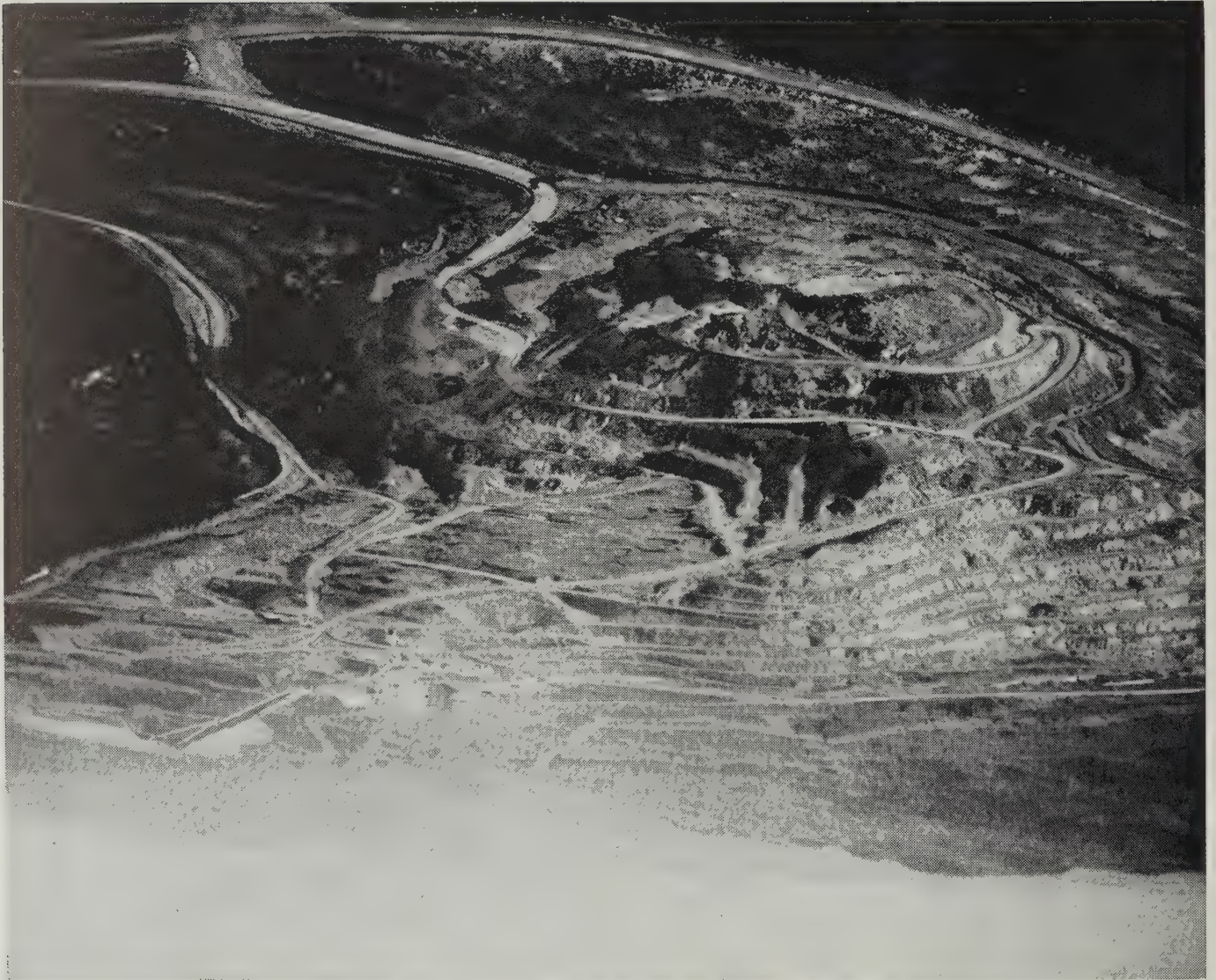
Millions
of Dollars





Milling Plant — Black Lake, Quebec.

Vue panoramique de la mine et de l'usine.



MONTRÉAL, le 5 avril 1967.

cinq prochaines années, et la plupart des sociétés élargissent leur propre capacité pour conserver leur place sur le marché mondial. Les consommateurs d'amiante trouvent sans cesse de nouvelles applications à ce minéral et l'évolution technique laisse présager que les fibres courtes seront vouées à de nouveaux usages dans le domaine de l'amiante-ciment. Les gisements de notre compagnie produisent toute la gamme des catégories de fibre. Les qualités d'amiante-ciment de la mine de votre compagnie sont d'une richesse rare. Ce marché représente le comble de la croissance dans l'industrie et United Asbestos est, désormais, dans une excellente position concurrentielle.

Sociétés affiliées

La part de la United dans les bénéfices des sociétés affiliées qui se sont consacrées à l'industrie des produits de béton s'est élevée à \$196,000, soit \$48,000 de moins qu'à l'exercice précédent. Les ventes de la General Concrete Ltd. (dont la United détient la moitié des actions) ont été de \$10,769,000 et ont donné des bénéfices de \$340,569 après déduction des impôts. Quant aux ventes nettes de la Transit Mixed Concrete & Builders Supply (filiale en propriété indivise), elles ont été de \$2,835,062 et ont laissé des bénéfices de \$27,635 après déduction des impôts. Le volume des ventes s'est maintenu au cours de l'année. Les bénéfices se sont désavantagés en raison d'une longue grève dans la division de l'est de General Concrete Ltd., et du niveau généralément accru des frais de production. Vu l'allègement des restrictions du crédit cette année, la demande jusqu'à comprimée dans l'industrie de la construction laisse prévoir un volume accru d'affaires et une augmentation des profits.

Respectueusement soumis,

au nom du conseil d'administration,

PHILIP M. MALOUF,

Président.

d'amiante à béton qui constituaient une plus forte proportion de notre production minière. On annonce une augmentation des prix de la plupart des qualités d'amiante et les perspectives de vente de 1967 sont bonnes.

L'extension de l'exploitation à ciel ouvert s'est poursuivie tout au long de l'exercice. Elle vise à mettre en valeur une quantité supplémentaire de minerai de haute qualité de façon que l'exploitation conjointe puisse tirer parti de la capacité accrue des installations de broyage et de la demande qu'on prévoit dans l'industrie pour la fibre à amiante-ciment de qualité élevée. Pour améliorer le rendement de l'entrepreneur en dépouillement ou découverture, on a installé une drague de 16 pouces. Cinq camions de 50 tonnes ont remplacé un nombre identique de véhicules de 22 tonnes et, en 1967, on se propose d'accroître la capacité de transport globale des véhicules par l'acquisition de six camions de 50 tonnes. Au cours de l'exercice, on a transporté un total de 12,360,000 tonnes de minerai, de débris et de terrain de couverture.

Au domaine du broyage, on a traité un tonnage de minerai et produit une quantité de fibre sans précédent. Cela résulte de l'installation continue de machinerie nouvelle et de la collaboration efficace entre le personnel de la mine, du moulin et des services d'entretien, facteurs qui ont permis à la Lake Asbestos de maintenir son prix de revient d'ensemble à un bas niveau.

La concentration de la richesse du minerai dans la section des séchoirs avant le broyage s'est poursuivie toute l'année. Sur les 3,076,000 tonnes traitées, 1,125,000 ont été rejetées comme refus, soit 36.6%, et 1,951,000 tonnes ont été soumises au broyage.

À la fin de l'exercice, les réserves de minerai se maintenaient au même niveau; elles sont d'environ 60 millions de tonnes de minerai pour exploitation à ciel ouvert, en plus d'une réserve non classée qui se situe au delà et au-dessous des limites actuellement envisagées des puits. Les sondages au diamant ont continué toute l'année et se sont établis à 21,068 pieds contre 21,630 pendant l'exercice précédent.

En fin d'année, 675 personnes étaient affectées à l'exploitation de Black Lake, dont 523 rémunérées à l'heure, 83 à salaire et 69 à l'emploi d'entrepreneurs.

L'exploitation minière de 1966 a rapporté un bénéfice net de \$4,973,619, dont \$2,131,599 d'immobilisations et de frais différés de mise en valeur. La part des bénéfices nets de l'exploitation conjointe revenant à la United Asbestos a été de \$2,486,809 avant l'amortissement, ce qui a donné pour l'exercice un revenu net de \$1,514,348 au regard de \$1,303,781 au cours de l'exercice précédent.

Le capital sans intérêt et les avances préalables à la production qui sont remboursables à Asarco à même les recettes nettes ont été diminués de \$1,947,772 pendant l'exercice et s'établissaient à \$20,257,225 au 31 décembre dernier.

L'industrie canadienne de l'amiante connaît présentement une expansion accélérée en vue de répondre à la demande mondiale. Selon un relevé récent, sa capacité de production va s'accroître d'environ 33 % au cours des

Aux actionnaires:

Les administrateurs ont l'honneur de présenter le 19^e rapport annuel de même que l'état financier consolidé de la United Asbestos Corporation Limited et de sa filiale en propriété indivise, Detinu Holdings Ltd., y compris les états du revenu, des bénéfices non répartis, de la source et de l'utilisation des fonds pour l'exercice 1966, le tout rapporté par MM. Thorne, Mulholland, Howson & McPherson. La part revenant à la United des bénéfices des sociétés affiliées qui se consacrent aux produits de béton, notamment la General Concrete Ltd. (dont la United détient 50% des actions) et la Transit Mixed Concrete and Builders Supply Limited (dont elle détient la totalité des actions) n'est pas incorporée à l'état financier consolidé et est indiquée séparément.

Données financières

	1966	1965	1964
Actif net ou part des actionnaires.	\$14,604	\$13,110	\$11,807
Bénéfices non répartis	8,820	7,326	6,022
Fonds de roulement.	2,592	2,275	1,675
Bénéfices nets de l'exploitation conjointe revenant à la United — sans amortissement	2,487	2,263	1,967
Amortissement des frais différés	937	921	983
Revenu net de l'exercice	1,514	1,304	899
Bénéfices dans les sociétés affiliées	196	244	195
Part des actionnaires par action	\$2.95	\$2.65	\$2.39
Revenu net par action.	\$0.31	\$0.26	\$0.18
Bénéfices globaux par action	\$0.35	\$0.31	\$0.22

L'exploitation de l'amiante

Au cours de 1966, l'exploitation conjointe avec la Lake Asbestos of Quebec, Ltd., filiale en propriété indivise de l'American Smelting and Refining Company, a produit 117,365 tonnes de fibre et des expéditions de 115,021 tonnes. C'est là une augmentation soutenue de 2.5% et 8.0% respectivement au regard de 1965. Les tonnages de matières manipulées et traitées et de fibre produite ont atteint de nouveaux sommets. La concurrence a été intense sur les marchés mondiaux pour la fibre d'amiante, mais il y a eu pénurie de certaines qualités supérieures



United Asbestos Corporation Limited
(No Personal Liability)

Administration

RICHARD F. DOOLEY, *Chicago, Ill.*
J. ARTHUR DUPONT, *Montréal, P.Q.*
GASTON ELIE, *Montréal, P.Q.*
PHILIP M. MALOUF, *Montréal, P.Q.*
T. ROSS MOORE, *Québec, P.Q.*
BARTLETT PINKHAM, *New York, N.Y.*
ORVILLE TAYLOR, *Chicago, Ill.*

Direction

PHILIP M. MALOUF, *président*
RICHARD F. DOOLEY, *vice-président*
W. R. R. SALTER, *C.R., secrétaire*
E. D. HERVEY, *trésorier et secrétaire-adjoint*

Siège social

1155 ouest, boulevard Dorchester, Montréal 2, P.Q.

Agents de transferts et registraires

GUARANTY TRUST COMPANY OF CANADA
Toronto et Montréal

THE BANK OF NEW YORK, *New York, N.Y.*

Ingénieur-conseil

J. C. SHAW, *ING., Montréal, P.Q.*



PRINTED IN CANADA

Rapport annuel 1966

United Asbestos
CORPORATION LIMITED
NO PERSONAL LIABILITY